

CORRECTED FISCAL NOTE

SB 83 – HB 52

March 28, 2005

SUMMARY OF BILL: Provides that every child in Tennessee under the age of 24 whose parent is a retired teacher from any public school in Tennessee who retired after a minimum of 25 years of full-time creditable service shall receive a 25% discount on tuition to any state area technical vocational school or institution of higher learning.

ESTIMATED FISCAL IMPACT:

On February 25, 2005 we issued a fiscal note on this bill which indicated *an increase in state expenditures of \$373,900 for FY05-06 and \$401,900 for FY06-07*. Based upon additional information provided to us by Higher Education, the estimated fiscal impact of this bill is:

(Corrected)

Increase State Expenditures - \$235,500 FY05-06

\$253,200 FY06-07

Assumptions:

- Lost revenues to higher education institutions would be replaced with state funds.
- Approximately 575 full-time equivalent (FTE) students/dependents of retired teachers would take courses.
- Approximately \$381 represents the 25% tuition discount for each FTE student/dependent (575 students x \$381 x 7½% tuition increase = \$235,500 FY05-06). Second year costs (FY06-07) are estimated to be \$253,200 which is based on an average tuition increase of 7½%.
- The children of teachers receiving tuition discounts for previous years provide a fair representation of children expected to receive tuition discounts in the future, adjusted for an expected participation rate for children of retired teachers in proportion to current participants.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director